



**ATCHISON COUNTY, MISSOURI
TWO YEARS ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor
Claire McCaskill**

**Report No. 2002-99
September 26, 2002
www.auditor.state.mo.us**

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

September 2002

IMPORTANT: The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Atchison, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

This audit of Atchison County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county has not established cash management procedures to ensure the minimum time elapses between its receipt of federal project monies and the distribution of such monies to contractors. We noted several reimbursements which were held for various time periods prior to disbursement. In addition, the county did not reconcile total amounts claimed for reimbursement to the Department of Transportation to the actual invoices submitted for each project.
- A state law, Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996 due to the fact that their terms were increased from two years to four. Based on this law, in 1999 Atchison County's Associate County Commissioners salaries were each increased approximately \$5,870 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to this statute section are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$11,740 for the two years ended December 31, 2000, should be repaid.

Also included in the audit are recommendations to the Health Center related to depositing receipts, expenditures, and personnel policies. In addition, recommendations were made to improve the accounting controls and procedures of the Associate Circuit Court and Sheriff.

All reports are available on our website: www.auditor.state.mo.us

YELLOW SHEET

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FINANCIAL SECTION

State Auditor's Reports



CLAIRE C. McCASKILL
Missouri State Auditor

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission
and
Officeholders of Atchison County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Atchison County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Atchison County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Atchison County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Atchison County, Missouri, and comparisons of such information with the corresponding

budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated May 8, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Atchison County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill
State Auditor

May 8, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Todd M. Schuler, CPA
In-Charge Auditor:	Lori Bryant
Audit Staff:	Cynthia Freeman
George Atkinson	



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission
and
Officeholders of Atchison County, Missouri

We have audited the special-purpose financial statements of various funds of Atchison County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 8, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Atchison County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Atchison County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over

financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted another matter involving the internal control over financial reporting which is described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Atchison County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill
State Auditor

May 8, 2002 (fieldwork completion date)

Financial Statements

Exhibit A-1

ATCHISON COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 239,018	995,896	978,380	256,534
Special Road and Bridge	105,933	1,256,238	1,336,991	25,180
Assessment	2,139	125,150	123,875	3,414
Law Enforcement Training	4,707	6,535	3,792	7,450
Prosecuting Attorney Training	11,852	1,737	692	12,897
Crime Investigation	1,086	268	1,323	31
Landfill	69,369	3,635	1,217	71,787
CART	820,623	629,938	835,200	615,361
Donations	15,288	14,178	18,074	11,392
Emergency Preparedness	19,613	54,640	60,093	14,160
Rest Home Bond	217,449	8,264	10,000	215,713
Local Emergency Planning Commission	8,150	4,768	4,118	8,800
Domestic Violence	5,323	497	0	5,820
County Road Rock	252,024	231,752	281,913	201,863
Economic Development	0	107,643	107,643	0
Circuit Clerk Interest	320	564	682	202
Recorder's Users Fees	6,300	3,909	1,572	8,637
Associate Circuit Division Interest	459	733	1,159	33
Sheriff's Civil Fees	7,446	5,388	3,804	9,030
Prosecuting Attorney Bad Check	4,955	3,797	3,327	5,425
911	84,023	230,824	268,982	45,865
Off Highway Systems	51,254	80,454	130,398	1,310
Rest Home Improvements	159,862	5,343	55,733	109,472
NW Missouri Strike Force Grant	10,627	0	10,627	0
Senate Bill 40	16,838	76,070	74,000	18,908
Health Center	168,616	221,762	218,078	172,300
Election Services	339	731	0	1,070
Phelps City	0	23,272	2,388	20,884
Grant	5,891	392	6,102	181
Law Library	34	1,965	1,835	164
Recorder's Interest	130	39	0	169
Total	\$ 2,289,668	4,096,382	4,541,998	1,844,052

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

ATCHISON COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS
YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 331,021	987,586	1,079,589	239,018
Special Road and Bridge	(409)	1,021,636	915,294	105,933
Assessment	3,250	122,071	123,182	2,139
Law Enforcement Training	2,956	4,829	3,078	4,707
Prosecuting Attorney Training	11,785	1,706	1,639	11,852
Crime Investigation	1,195	426	535	1,086
Landfill	66,068	4,708	1,407	69,369
CART	953,321	680,794	813,492	820,623
Donations	16,516	4,250	5,478	15,288
Emergency Preparedness	10,415	66,940	57,742	19,613
Rest Home Bond	192,978	115,476	91,005	217,449
Local Emergency Planning Commission	5,803	2,769	422	8,150
Domestic Violence	4,580	743	0	5,323
County Road Rock	278,688	236,696	263,360	252,024
Economic Development	0	106,969	106,969	0
Circuit Clerk Interest	968	473	1,121	320
Recorder's Users Fees	4,490	3,121	1,311	6,300
Associate Circuit Division Interest	1,082	580	1,203	459
Sheriff's Civil Fees	8,129	5,968	6,651	7,446
Prosecuting Attorney Bad Check	3,310	5,126	3,481	4,955
911	7,528	214,148	137,653	84,023
Off Highway Systems	24,541	508,287	481,574	51,254
Rest Home Improvements	155,967	29,117	25,222	159,862
NW Missouri Strike Force Grant	3,442	71,202	64,017	10,627
Senate Bill 40	12,749	78,089	74,000	16,838
Health Center	168,597	210,379	210,360	168,616
Election Services	0	339	0	339
Grant	0	8,991	3,100	5,891
Law Library	70	1,833	1,869	34
Recorder's Interest	103	40	13	130
Total	\$ 2,269,143	4,495,292	4,474,767	2,289,668

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

ATCHISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
TOTALS - VARIOUS FUNDS						
RECEIPTS	\$ 4,504,814	4,072,679	(432,135)	4,455,768	4,484,089	28,321
DISBURSEMENTS	5,567,108	4,533,508	1,033,600	5,059,629	4,469,785	589,844
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,062,294)	(460,829)	601,465	(603,861)	14,304	618,165
CASH, JANUARY 1	2,159,663	2,283,647	123,984	2,155,730	2,268,970	113,240
CASH, DECEMBER 31	1,097,369	1,822,818	725,449	1,551,869	2,283,274	731,405
GENERAL REVENUE FUND						
RECEIPTS						
Property taxes	356,068	370,882	14,814	357,953	376,998	19,045
Sales taxes	210,000	215,297	5,297	210,000	213,963	3,963
Intergovernmental	113,058	88,087	(24,971)	97,164	100,816	3,652
Charges for services	176,250	183,589	7,339	169,600	215,647	46,047
Interest	20,000	16,286	(3,714)	24,000	28,586	4,586
Other	92,750	107,755	15,005	28,900	22,490	(6,410)
Transfers in	48,263	14,000	(34,263)	28,000	29,086	1,086
Total Receipts	1,016,389	995,896	(20,493)	915,617	987,586	71,969
DISBURSEMENTS						
County Commission	80,077	78,332	1,745	77,520	76,578	942
County Clerk	89,255	74,109	15,146	88,390	82,842	5,548
Elections	7,250	1,902	5,348	15,000	14,961	39
Buildings and grounds	188,312	54,447	133,865	204,758	189,868	14,890
Employee fringe benefits	177,050	162,571	14,479	157,100	139,954	17,146
County Treasurer	28,161	27,234	927	27,220	26,713	507
County Collector	54,545	59,714	(5,169)	54,469	51,777	2,692
Ex Officio Recorder of Deeds	17,456	15,937	1,519	13,185	12,696	489
Circuit Clerk	4,350	2,912	1,438	4,325	3,088	1,237
Associate Circuit Court	6,650	5,049	1,601	6,850	5,390	1,460
Court administration	6,830	3,485	3,345	5,016	2,463	2,553
Public Administrator	18,875	16,064	2,811	15,500	17,873	(2,373)
Sheriff	148,827	131,345	17,482	136,423	119,410	17,013
Jail	105,469	97,911	7,558	92,880	99,934	(7,054)
Prosecuting Attorney	149,137	140,158	8,979	140,730	130,528	10,202
Juvenile Officer	9,846	6,539	3,307	8,473	7,543	930
County Coroner	12,683	11,501	1,182	11,400	11,358	42
Insurance and bonds	15,200	14,074	1,126	25,100	11,725	13,375
Extension Council	35,000	35,000	0	34,000	34,000	0
Publications	2,000	1,760	240	2,500	1,597	903
Public health and welfare services	4,000	2,488	1,512	4,000	2,000	2,000
Other	1,130	848	282	1,488	1,091	397
Transfers out	35,000	35,000	0	36,200	36,200	0
Emergency Fund	30,132	0	30,132	26,686	0	26,686
Total Disbursements	1,227,235	978,380	248,855	1,189,213	1,079,589	109,624
RECEIPTS OVER (UNDER) DISBURSEMENTS	(210,846)	17,516	228,362	(273,596)	(92,003)	181,593
CASH, JANUARY 1	251,436	239,018	(12,418)	356,327	331,021	(25,306)
CASH, DECEMBER 31	40,590	256,534	215,944	82,731	239,018	156,287

Exhibit B

ATCHISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>SPECIAL ROAD AND BRIDGE FUND</u>						
RECEIPTS						
Property taxes	406,539	421,704	15,165	406,654	432,184	25,530
Charges for services	17,915	23,537	5,622	18,764	24,372	5,608
Interest	5,000	4,952	(48)	8,000	5,898	(2,102)
Other	7,350	108,952	101,602	8,450	5,882	(2,568)
Transfers in	975,000	697,093	(277,907)	605,483	553,300	(52,183)
Total Receipts	1,411,804	1,256,238	(155,566)	1,047,351	1,021,636	(25,715)
DISBURSEMENTS						
Salaries	372,957	338,971	33,986	301,000	296,133	4,867
Employee fringe benefits	115,350	107,196	8,154	88,538	91,239	(2,701)
Supplies	119,750	136,933	(17,183)	103,834	99,437	4,397
Insurance	12,500	11,355	1,145	12,000	10,743	1,257
Road and bridge materials	311,500	289,759	21,741	255,500	236,361	19,139
Equipment repairs	143,000	146,547	(3,547)	120,000	111,605	8,395
Rentals	0	0	0	0	220	(220)
Equipment purchases	392,653	300,543	92,110	89,000	67,283	21,717
Construction, repair, and maintenance	0	3,061	(3,061)	0	0	0
Other	5,000	2,626	2,374	4,025	2,273	1,752
Transfers out	28,263	0	28,263	0	0	0
Total Disbursements	1,500,973	1,336,991	163,982	973,897	915,294	58,603
RECEIPTS OVER (UNDER) DISBURSEMENTS	(89,169)	(80,753)	8,416	73,454	106,342	32,888
CASH, JANUARY 1	92,876	105,933	13,057	1,222	(409)	(1,631)
CASH, DECEMBER 31	3,707	25,180	21,473	74,676	105,933	31,257
<u>ASSESSMENT FUND</u>						
RECEIPTS						
Intergovernmental	83,100	87,130	4,030	83,000	83,823	823
Interest	200	617	417	400	198	(202)
Other	1,300	2,403	1,103	1,300	1,850	550
Transfers in	35,000	35,000	0	33,000	36,200	3,200
Total Receipts	119,600	125,150	5,550	117,700	122,071	4,371
DISBURSEMENTS						
Assessor	112,842	111,875	967	108,490	98,182	10,308
Transfers out	12,000	12,000	0	25,000	25,000	0
Total Disbursements	124,842	123,875	967	133,490	123,182	10,308
RECEIPTS OVER (UNDER) DISBURSEMENTS	(5,242)	1,275	6,517	(15,790)	(1,111)	14,679
CASH, JANUARY 1	3,107	2,139	(968)	3,595	3,250	(345)
CASH, DECEMBER 31	(2,135)	3,414	5,549	(12,195)	2,139	14,334

Exhibit B

ATCHISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LAW ENFORCEMENT TRAINING FUND</u>						
RECEIPTS						
Intergovernmental	1,500	2,317	817	2,900	1,605	(1,295)
Charges for services	3,000	4,022	1,022	3,650	3,051	(599)
Interest	35	196	161	35	173	138
Total Receipts	4,535	6,535	2,000	6,585	4,829	(1,756)
DISBURSEMENTS						
Sheriff	5,600	3,792	1,808	5,600	3,078	2,522
Total Disbursements	5,600	3,792	1,808	5,600	3,078	2,522
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,065)	2,743	3,808	985	1,751	766
CASH, JANUARY 1	4,707	4,707	0	2,956	2,956	0
CASH, DECEMBER 31	3,642	7,450	3,808	3,941	4,707	766
<u>PROSECUTING ATTORNEY TRAINING FUND</u>						
RECEIPTS						
Charges for services	1,200	1,282	82	1,300	1,076	(224)
Interest	600	455	(145)	450	630	180
Total Receipts	1,800	1,737	(63)	1,750	1,706	(44)
DISBURSEMENTS						
Prosecuting Attorney	600	692	(92)	2,010	553	1,457
Transfers out	1,100	0	1,100	1,086	1,086	0
Total Disbursements	1,700	692	1,008	3,096	1,639	1,457
RECEIPTS OVER (UNDER) DISBURSEMENTS	100	1,045	945	(1,346)	67	1,413
CASH, JANUARY 1	11,852	11,852	0	11,785	11,785	0
CASH, DECEMBER 31	11,952	12,897	945	10,439	11,852	1,413
<u>CRIME INVESTIGATION FUND</u>						
RECEIPTS						
Charges for services	0	239	239	0	366	366
Interest	25	29	4	20	60	40
Total Receipts	25	268	243	20	426	406
DISBURSEMENTS						
Associate Circuit Court	600	1,323	(723)	1,000	535	465
Total Disbursements	600	1,323	(723)	1,000	535	465
RECEIPTS OVER (UNDER) DISBURSEMENTS	(575)	(1,055)	(480)	(980)	(109)	871
CASH, JANUARY 1	1,086	1,086	0	1,219	1,195	(24)
CASH, DECEMBER 31	511	31	(480)	239	1,086	847

Exhibit B

ATCHISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LANDFILL FUND</u>						
RECEIPTS						
Property taxes	954	989	35	924	913	(11)
Interest	3,500	2,646	(854)	2,600	3,795	1,195
Total Receipts	4,454	3,635	(819)	3,524	4,708	1,184
DISBURSEMENTS						
Other	5,060	217	4,843	3,075	407	2,668
Transfers out	2,000	1,000	1,000	1,000	1,000	0
Total Disbursements	7,060	1,217	5,843	4,075	1,407	2,668
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,606)	2,418	5,024	(551)	3,301	3,852
CASH, JANUARY 1	69,369	69,369	0	66,068	66,068	0
CASH, DECEMBER 31	66,763	71,787	5,024	65,517	69,369	3,852
<u>CART FUND</u>						
RECEIPTS						
Intergovernmental	550,000	599,954	49,954	541,000	593,602	52,602
Interest	46,000	29,984	(16,016)	35,000	54,689	19,689
Transfers in	0	0	0	31,000	32,503	1,503
Total Receipts	596,000	629,938	33,938	607,000	680,794	73,794
DISBURSEMENTS						
Salaries	93,000	104,547	(11,547)	95,009	104,311	(9,302)
Office expenses	300	145	155	800	278	522
Equipment repairs	20,000	35,384	(15,384)	25,000	11,879	13,121
Fuel and lubricant	46,000	4,440	41,560	30,000	36,153	(6,153)
Equipment purchases	0	0	0	91,607	91,607	0
Insurance	3,000	3,615	(615)	5,500	2,135	3,365
Road repair rock	25,000	37,069	(12,069)	15,000	17,129	(2,129)
Transfers out	930,000	650,000	280,000	550,000	550,000	0
Total Disbursements	1,117,300	835,200	282,100	812,916	813,492	(576)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(521,300)	(205,262)	316,038	(205,916)	(132,698)	73,218
CASH, JANUARY 1	820,623	820,623	0	953,321	953,321	0
CASH, DECEMBER 31	299,323	615,361	316,038	747,405	820,623	73,218
<u>DONATION FUND</u>						
RECEIPTS						
Interest	0	16	16	0	0	0
Other	7,200	14,162	6,962	4,000	4,250	250
Total Receipts	7,200	14,178	6,978	4,000	4,250	250
DISBURSEMENTS						
Sheriff	22,488	17,764	4,724	20,000	5,478	14,522
Transfers out	0	310	(310)	0	0	0
Total Disbursements	22,488	18,074	4,414	20,000	5,478	14,522
RECEIPTS OVER (UNDER) DISBURSEMENTS	(15,288)	(3,896)	11,392	(16,000)	(1,228)	14,772
CASH, JANUARY 1	15,288	15,288	0	16,516	16,516	0
CASH, DECEMBER 31	0	11,392	11,392	516	15,288	14,772

Exhibit B

ATCHISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>EMERGENCY PREPAREDNESS FUND</u>						
RECEIPTS						
Intergovernmental	12,500	7,354	(5,146)	5,000	13,500	8,500
Interest	1,450	921	(529)	875	1,456	581
Nebraska Public Power District	46,000	46,000	0	53,000	51,500	(1,500)
Other	2,500	365	(2,135)	200	484	284
Total Receipts	62,450	54,640	(7,810)	59,075	66,940	7,865
DISBURSEMENTS						
Salaries	33,861	33,869	(8)	32,229	31,986	243
Office expenses	5,825	3,550	2,275	5,650	3,374	2,276
Mileage and training	1,500	1,216	284	1,500	1,422	78
Building and grounds	16,600	16,326	274	16,600	16,271	329
Other	3,800	4,132	(332)	3,800	3,689	111
Transfers out	1,000	1,000	0	1,000	1,000	0
Total Disbursements	62,586	60,093	2,493	60,779	57,742	3,037
RECEIPTS OVER (UNDER) DISBURSEMENTS	(136)	(5,453)	(5,317)	(1,704)	9,198	10,902
CASH, JANUARY 1	19,613	19,613	0	10,415	10,415	0
CASH, DECEMBER 31	19,477	14,160	(5,317)	8,711	19,613	10,902
<u>REST HOME BOND FUND</u>						
RECEIPTS						
Interest	10,000	8,264	(1,736)	9,000	13,276	4,276
Lease payments	0	0	0	105,600	102,200	(3,400)
Total Receipts	10,000	8,264	(1,736)	114,600	115,476	876
DISBURSEMENTS						
Bond payments	0	0	0	90,856	91,005	(149)
Transfers out	10,000	10,000	0	0	0	0
Total Disbursements	10,000	10,000	0	90,856	91,005	(149)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(1,736)	(1,736)	23,744	24,471	727
CASH, JANUARY 1	217,449	217,449	0	192,978	192,978	0
CASH, DECEMBER 31	217,449	215,713	(1,736)	216,722	217,449	727

Exhibit B

ATCHISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>LOCAL EMERGENCY PLANNING COMMISSION FUND</u>						
RECEIPTS						
Intergovernmental	4,100	4,456	356	2,200	2,419	219
Interest	300	312	12	250	350	100
Total Receipts	4,400	4,768	368	2,450	2,769	319
DISBURSEMENTS						
Supplies	100	150	(50)	0	0	0
Equipment	2,500	3,968	(1,468)	2,500	400	2,100
Training	500	0	500	500	22	478
Survey	1,000	0	1,000	0	0	0
Total Disbursements	4,100	4,118	(18)	3,000	422	2,578
RECEIPTS OVER (UNDER) DISBURSEMENTS	300	650	350	(550)	2,347	2,897
CASH, JANUARY 1	8,150	8,150	0	5,804	5,803	(1)
CASH, DECEMBER 31	8,450	8,800	350	5,254	8,150	2,896
<u>DOMESTIC VIOLENCE FUND</u>						
RECEIPTS						
Charges for services	700	292	(408)	300	470	170
Interest	0	205	205	180	273	93
Total Receipts	700	497	(203)	480	743	263
DISBURSEMENTS						
Other	0	0	0	0	0	0
Total Disbursements	0	0	0	0	0	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	700	497	(203)	480	743	263
CASH, JANUARY 1	5,323	5,323	0	4,580	4,580	0
CASH, DECEMBER 31	6,023	5,820	(203)	5,060	5,323	263
<u>COUNTY ROAD ROCK FUND</u>						
RECEIPTS						
Sales taxes	213,000	215,054	2,054	205,000	213,690	8,690
Interest	14,500	9,967	(4,533)	13,000	15,308	2,308
Other	5,000	6,731	1,731	0	7,698	7,698
Total Receipts	232,500	231,752	(748)	218,000	236,696	18,696
DISBURSEMENTS						
Road and bridge materials	260,500	281,913	(21,413)	240,000	263,360	(23,360)
Total Disbursements	260,500	281,913	(21,413)	240,000	263,360	(23,360)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(28,000)	(50,161)	(22,161)	(22,000)	(26,664)	(4,664)
CASH, JANUARY 1	275,380	252,024	(23,356)	290,728	278,688	(12,040)
CASH, DECEMBER 31	247,380	201,863	(45,517)	268,728	252,024	(16,704)

Exhibit B

ATCHISON COUNTY, MISSOURI
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ECONOMIC DEVELOPMENT FUND</u>						
RECEIPTS						
Sales taxes	107,000	107,643	643	102,400	106,969	4,569
Total Receipts	107,000	107,643	643	102,400	106,969	4,569
DISBURSEMENTS						
Contract services	107,000	107,643	(643)	102,400	106,969	(4,569)
Total Disbursements	107,000	107,643	(643)	102,400	106,969	(4,569)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	0	0	0	0	0
CASH, JANUARY 1	0	0	0	0	0	0
CASH, DECEMBER 31	0	0	0	0	0	0
<u>CIRCUIT CLERK INTEREST FUND</u>						
RECEIPTS						
Interest	400	564	164	900	473	(427)
Total Receipts	400	564	164	900	473	(427)
DISBURSEMENTS						
Office supplies	700	682	18	1,500	1,121	379
Total Disbursements	700	682	18	1,500	1,121	379
RECEIPTS OVER (UNDER) DISBURSEMENTS	(300)	(118)	182	(600)	(648)	(48)
CASH, JANUARY 1	320	320	0	979	968	(11)
CASH, DECEMBER 31	20	202	182	379	320	(59)
<u>RECORDER'S USERS FEES FUND</u>						
RECEIPTS						
Charges for services	3,000	3,649	649	3,000	2,832	(168)
Interest	0	260	260	0	289	289
Total Receipts	3,000	3,909	909	3,000	3,121	121
DISBURSEMENTS						
Office supplies	6,000	1,572	4,428	3,000	1,311	1,689
Total Disbursements	6,000	1,572	4,428	3,000	1,311	1,689
RECEIPTS OVER (UNDER) DISBURSEMENTS	(3,000)	2,337	5,337	0	1,810	1,810
CASH, JANUARY 1	6,300	6,300	0	4,491	4,490	(1)
CASH, DECEMBER 31	3,300	8,637	5,337	4,491	6,300	1,809

Exhibit B

ATCHISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>ASSOCIATE CIRCUIT DIVISION INTEREST FUND</u>						
RECEIPTS						
Interest	800	733	(67)	900	580	(320)
Total Receipts	800	733	(67)	900	580	(320)
DISBURSEMENTS						
Office supplies	1,200	1,159	41	1,600	1,203	397
Total Disbursements	1,200	1,159	41	1,600	1,203	397
RECEIPTS OVER (UNDER) DISBURSEMENTS	(400)	(426)	(26)	(700)	(623)	77
CASH, JANUARY 1	459	459	0	1,082	1,082	0
CASH, DECEMBER 31	59	33	(26)	382	459	77
<u>SHERIFF'S CIVIL FEES FUND</u>						
RECEIPTS						
Charges for services	5,500	5,085	(415)	4,480	5,298	818
Interest	350	303	(47)	350	414	64
Transfers in	0	0	0	0	256	256
Total Receipts	5,850	5,388	(462)	4,830	5,968	1,138
DISBURSEMENTS						
Sheriff	7,170	3,804	3,366	3,544	5,241	(1,697)
Transfers out	0	0	0	1,410	1,410	0
Total Disbursements	7,170	3,804	3,366	4,954	6,651	(1,697)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,320)	1,584	2,904	(124)	(683)	(559)
CASH, JANUARY 1	7,446	7,446	0	6,693	8,129	1,436
CASH, DECEMBER 31	6,126	9,030	2,904	6,569	7,446	877
<u>PROSECUTING ATTORNEY BAD CHECK FUND</u>						
RECEIPTS						
Charges for services	3,200	3,599	399	3,000	3,460	460
Interest	240	198	(42)	150	256	106
Other	1,600	0	(1,600)	0	0	0
Transfers in	0	0	0	1,410	1,410	0
Total Receipts	5,040	3,797	(1,243)	4,560	5,126	566
DISBURSEMENTS						
Office equipment	0	3,327	(3,327)	3,072	3,072	0
Other	3,750	0	3,750	4,550	153	4,397
Transfers out	0	0	0	0	256	(256)
Total Disbursements	3,750	3,327	423	7,622	3,481	4,141
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,290	470	(820)	(3,062)	1,645	4,707
CASH, JANUARY 1	4,955	4,955	0	3,054	3,310	256
CASH, DECEMBER 31	6,245	5,425	(820)	(8)	4,955	4,963

Exhibit B

ATCHISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>911 FUND</u>						
RECEIPTS						
Sales taxes	210,000	216,120	6,120	215,000	211,487	(3,513)
Interest	2,000	4,624	2,624	500	2,661	2,161
Other	0	80	80	0	0	0
Transfers in	10,000	10,000	0	0	0	0
Total Receipts	222,000	230,824	8,824	215,500	214,148	(1,352)
DISBURSEMENTS						
Salaries	73,940	34,470	39,470	26,191	0	26,191
Office expenses	7,500	7,622	(122)	500	0	500
Equipment	132,700	170,344	(37,644)	0	0	0
Residential signs	35,000	36,522	(1,522)	0	58,576	(58,576)
Consultant fees	11,730	11,587	143	42,000	45,500	(3,500)
Building and grounds	4,200	188	4,012	0	0	0
Insurance	6,000	358	5,642	0	0	0
Mileage and training	0	4,839	(4,839)	0	0	0
Other	25,100	3,052	22,048	145,809	1,577	144,232
Transfers out	1,000	0	1,000	32,000	32,000	0
Total Disbursements	297,170	268,982	28,188	246,500	137,653	108,847
RECEIPTS OVER (UNDER) DISBURSEMENTS	(75,170)	(38,158)	37,012	(31,000)	76,495	107,495
CASH, JANUARY 1	83,983	84,023	40	7,528	7,528	0
CASH, DECEMBER 31	8,813	45,865	37,052	(23,472)	84,023	107,495
<u>OFF HIGHWAY SYSTEMS FUND</u>						
RECEIPTS						
Intergovernmental	379,377	80,454	(298,923)	607,933	508,287	(99,646)
Total Receipts	379,377	80,454	(298,923)	607,933	508,287	(99,646)
DISBURSEMENTS						
Construction	365,531	65,512	300,019	556,625	478,274	78,351
Refund to the state	15,276	17,793	(2,517)	0	0	0
Transfer out	45,000	47,093	(2,093)	55,483	3,300	52,183
Total Disbursements	425,807	130,398	295,409	612,108	481,574	130,534
RECEIPTS OVER (UNDER) DISBURSEMENTS	(46,430)	(49,944)	(3,514)	(4,175)	26,713	30,888
CASH, JANUARY 1	51,254	51,254	0	24,541	24,541	0
CASH, DECEMBER 31	4,824	1,310	(3,514)	20,366	51,254	30,888
<u>REST HOME IMPROVEMENTS FUND</u>						
RECEIPTS						
Interest	3,500	5,343	1,843	3,000	9,317	6,317
Lease payments	0	0	0	21,600	19,800	(1,800)
Total Receipts	3,500	5,343	1,843	24,600	29,117	4,517
DISBURSEMENTS						
Building and grounds	60,000	55,733	4,267	150,000	25,222	124,778
Total Disbursements	60,000	55,733	4,267	150,000	25,222	124,778
RECEIPTS OVER (UNDER) DISBURSEMENTS	(56,500)	(50,390)	6,110	(125,400)	3,895	129,295
CASH, JANUARY 1	159,862	159,862	0	155,967	155,967	0
CASH, DECEMBER 31	103,362	109,472	6,110	30,567	159,862	129,295

Exhibit B

ATCHISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>NW MISSOURI STRIKE FORCE GRANT FUND</u>						
RECEIPTS						
Intergovernmental	0	0	0	109,593	70,008	(39,585)
Other	0	0	0	0	1,194	1,194
Total Receipts	0	0	0	109,593	71,202	(38,391)
DISBURSEMENTS						
Salaries	0	0	0	84,328	40,591	43,737
Office Expenditures	0	0	0	1,960	3,883	(1,923)
Mileage and training	0	0	0	1,000	2,046	(1,046)
Insurance	0	0	0	2,665	2,665	0
Vehicles	0	0	0	12,000	9,336	2,664
Refund to the state	10,627	10,627	0	0	0	0
Other	0	0	0	7,640	5,496	2,144
Total Disbursements	10,627	10,627	0	109,593	64,017	45,576
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,627)	(10,627)	0	0	7,185	7,185
CASH, JANUARY 1	10,627	10,627	0	3,442	3,442	0
CASH, DECEMBER 31	0	0	0	3,442	10,627	7,185
<u>SENATE BILL 40 FUND</u>						
RECEIPTS						
Property Taxes	76,390	74,402	(1,988)	73,650	76,511	2,861
Intergovernmental	200	468	268	400	235	(165)
Interest	1,200	1,200	0	850	1,343	493
Total Receipts	77,790	76,070	(1,720)	74,900	78,089	3,189
DISBURSEMENTS						
Contract services	74,000	74,000	0	74,000	74,000	0
Total Disbursements	74,000	74,000	0	74,000	74,000	0
RECEIPTS OVER (UNDER) DISBURSEMENTS	3,790	2,070	(1,720)	900	4,089	3,189
CASH, JANUARY 1	16,838	16,838	0	12,749	12,749	0
CASH, DECEMBER 31	20,628	18,908	(1,720)	13,649	16,838	3,189

Exhibit B

ATCHISON COUNTY, MISSOURI

COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>HEALTH CENTER FUND</u>						
RECEIPTS						
Property Taxes	38,500	37,337	(1,163)	36,000	38,477	2,477
Intergovernmental	141,500	140,832	(668)	131,000	134,035	3,035
Charges for services	30,000	32,625	2,625	32,000	28,916	(3,084)
Interest	8,500	8,816	316	8,500	7,768	(732)
Other	6,200	2,152	(4,048)	1,000	1,183	183
Total Receipts	224,700	221,762	(2,938)	208,500	210,379	1,879
DISBURSEMENTS						
Salaries	132,000	136,324	(4,324)	128,930	125,438	3,492
Office expenses	20,000	18,801	1,199	16,000	19,973	(3,973)
Equipment and building	11,000	7,584	3,416	7,000	4,171	2,829
Mileage and training	2,500	1,410	1,090	2,500	2,006	494
Other professional services	41,500	34,295	7,205	32,500	43,057	(10,557)
Insurance	6,000	2,973	3,027	6,000	4,937	1,063
Medical supplies	10,000	13,589	(3,589)	14,000	9,340	4,660
Other	1,700	3,102	(1,402)	1,500	1,438	62
Total Disbursements	224,700	218,078	6,622	208,430	210,360	(1,930)
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	3,684	3,684	70	19	(51)
CASH, JANUARY 1	20,782	168,616	147,834	17,690	168,597	150,907
CASH, DECEMBER 31	20,782	172,300	151,518	17,760	168,616	150,856
<u>ELECTION SERVICES FUND</u>						
RECEIPTS						
Charges for services	200	709	509			
Interest	0	22	22			
Total Receipts	200	731	531			
DISBURSEMENTS						
Election supplies	500	0	500			
Total Disbursements	500	0	500			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(300)	731	1,031			
CASH, JANUARY 1	339	339	0			
CASH, DECEMBER 31	39	1,070	1,031			
<u>LAW LIBRARY FUND</u>						
RECEIPTS						
Charges for services	3,300	1,965	(1,335)			
Total Receipts	3,300	1,965	(1,335)			
DISBURSEMENTS						
Law books	3,500	1,835	1,665			
Total Disbursements	3,500	1,835	1,665			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(200)	130	330			
CASH, JANUARY 1	239	34	(205)			
CASH, DECEMBER 31	39	164	125			

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

ATCHISON COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Atchison County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Health Center Board, or the Senate Bill 40 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Election Services Fund	2000
Phelps City Fund	2001
Grant Fund	2001 and 2000
Law Library Fund	2000
Recorder's Interest Fund	2001 and 2000

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Crime Investigation Fund	2001
CART Fund	2000
Rest Home Bond Fund	2000
Local Emergency Planning Commission Fund	2001
County Road Rock Fund	2001 and 2000
Economic Development Fund	2001 and 2000
Sheriff's Civil Fees Fund	2000
Health Center Fund	2000

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

A deficit budget balance is presented for the Assessment Fund for the year ended December 31, 2001. However, the budget of that fund also included other resources available to finance current or future year disbursements. Such resources were sufficient to offset the deficit budget balance presented.

Although Section 50.740, RSMo 2000, requires a balanced budget, deficit balances were budgeted in the Assessment, Prosecuting Attorney Bad Check and 911 Funds for the year ended December 31, 2000.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements for the years ended December 31, 2001, did not include the Grant Fund, Law Library Fund, or Recorder's Interest Fund.

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is

to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's and Health Center Board's deposits at December 31, 2001 and 2000, were entirely covered by federal depository insurance or by collateral securities held by the county's and Health Center Board's custodial bank in the county's or Health Center's name.

3. Prior Period Adjustment

The NW Missouri Strike Force Grant Fund and Recorder's Interest Fund's cash balances of \$3,442 and \$103, respectively, at January 1, 2000, were not previously reported, but have been added so the county's financial statements will include these funds.

Supplementary Schedule

Schedule

ATCHISON COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
U. S. DEPARTMENT OF AGRICULTURE				
Direct program -				
10.069	Conservation Reserve Program	N/A	\$ 7,908	8,316
Passed through state:				
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ERS045-0102	0	8,905
		ERS045-1102	8,622	6,538
		ERS045-2102	4,908	0
	Program Total		<u>13,530</u>	<u>15,443</u>
U.S. DEPARTMENT OF JUSTICE				
Passed through:				
State Department of Public Safety -				
16.579	Byrne Formula Grant Program	99-NCD2-006	0	57,602
16.592	Local Law Enforcement Block Grants Program	99-LBG-005	0	3,100
Missouri Sheriffs' Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	1,558	1,176
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state:				
Highway and Transportation Commission -				
20.205	Highway Planning and Construction	BRO-003 (13)	0	116,608
		BRO-003 (16)	46,448	320,688
		BRO-003 (17)	0	39,682
		BRO-003 (19)	32,696	0
	Program Total		<u>79,144</u>	<u>476,978</u>
Department of Public Safety -				
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	2,219	0

Schedule

ATCHISON COUNTY, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
GENERAL SERVICES ADMINISTRATION				
Passed through state Office of Administration -				
39.003	Donation of Federal Surplus Personal Property	N/A	2,403	3,299
FEDERAL EMERGENCY MANAGEMENT AGENCY				
Passed through state Department of Public Safety:				
83.534	Emergency Management - State and Local Assistance	N/A	7,354	13,500
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health -				
93.268	Immunization Grants	N/A	17,658	12,903
		PG0064-1102	2,150	0
	Program Total		19,808	12,903
Department of Social Services -				
93.563	Child Support Enforcement	N/A	84,535	76,329
Department of Health -				
93.575	Child Care and Development Block Grant	PGA067-1102C	970	0
		PGA067-2102C	130	0
	Program Total		1,100	0
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	ERS161-00020	0	29,700
		ERS161-10001	21,510	0
	Program Total		21,510	29,700
93.991	Preventive Health and Health Services Block Grant	N/A	0	154
93.994	Maternal and Child Health Services Block Grant to the States	N/A	1,634	768
		ERS146-0102M	0	10,880
		ERS146-1102M	12,846	3,140
		ERS175-1102	16,500	0
	Program Total		30,980	14,788
Total Expenditures of Federal Awards			\$ 272,049	713,288

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

ATCHISON COUNTY, MISSOURI
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Atchison County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property Program (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

Amounts for Immunization Grants (CFDA number 93.268) and the Preventive Health and Health Services Block Grant (CFDA number 93.991) represent the original acquisition cost of vaccines obtained by the Health Center through the state Department of Health during the year ended December 31, 2000. Amounts for the Immunization Grants (CFDA number 93.268) during the year ended December 31, 2001 and the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994) include both cash disbursements and the original acquisition cost of vaccines.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2001 and 2000.

FEDERAL AWARDS -
SINGLE AUDIT SECTION

State Auditor's Report



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission
and
Officeholders of Atchison County, Missouri

Compliance

We have audited the compliance of Atchison County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2001 and 2000. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Atchison County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2001 and 2000. However, the results of our auditing procedures disclosed an instance

of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1.

Internal Control Over Compliance

The management of Atchison County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information of the management of Atchison County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

May 8, 2002 (fieldwork completion date)

Schedule

ATCHISON COUNTY, MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)
YEARS ENDED DECEMBER 31, 2001 AND 2000

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? yes x no

Reportable condition identified that is
not considered to be a material weakness? yes x none reported

Noncompliance material to the financial statements
noted? yes x no

Federal Awards

Internal control over major programs:

Material weakness identified? yes x no

Reportable condition identified that is
not considered to be a material weakness? x yes none reported

Type of auditor's report issued on compliance for
major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Section .510(a) of OMB
Circular A-133? x yes no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee?

_____ yes x no

Section II - Financial Statement Findings

This section includes no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

This section includes the audit finding that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

01-1. Highway Planning and Construction
--

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity Identifying Number:	BRO-003(13), BRO-003(16), BRO-003(17), and BRO-003(19)
Award Year:	2000
Questioned Costs:	Not Applicable

The county contracts with the State Highway and Transportation Commission for bridge replacement and rehabilitation under the Off-System Bridge Replacement and Rehabilitation Program.

The county has not established cash management procedures to ensure the minimum time elapses between its receipt of federal project monies and the distribution of such monies to contractors. We noted several reimbursements which were held for various time periods prior to disbursement. One payment for \$992 was held for more than 126 days, another payment for \$12,428 was held for 14 days, and another for \$74,576 was held for nine days. While the liability was incurred prior to reimbursement, payment was not made to the contractor in a timely manner.

Section 6.2.2 of the Cash Management Improvement Act Agreement between the State of Missouri and the Secretary of the Treasury, United States Department of the Treasury, states that funds shall be requested such that they are received not more than two days prior to their disbursement.

In addition, the county did not reconcile total amounts claimed for reimbursement to the Department of Transportation to the actual invoices submitted for each project. Consequently, the county submitted claims for reimbursement exceeding actual costs incurred by \$15,275. This was caused by the project engineer preparing reimbursement requests for the same costs on two consecutive requests for reimbursements and the county failed to compare the cumulative request amount to the actual costs of the project through the date the reimbursement was submitted. The overpayments were received in February and March 2000. The county was unaware of this until notified by MoDOT in November 2000 and the monies were repaid to the state in March 2001. The grant agreement prohibits claims for reimbursements that exceed actual costs.

WE RECOMMEND the County Commission establish procedures to minimize the time between the receipt of federal monies and disbursement of such funds to comply with federal requirements. In addition, the county should reconcile amounts claimed for reimbursement to actual invoices submitted to ensure errors are detected in a timely manner.

AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION

These instances were oversights and the regular procedure is to pay these monies out upon receipt. We will re-establish procedures to reconcile actual invoices to reimbursement requests in the future.

Follow-Up on Prior Audit Findings for an
Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards*

ATCHISON COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Our prior audit report issued for the two years ended December 31, 1999, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings
in Accordance With OMB Circular A-133

ATCHISON COUNTY, MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

Our prior audit report issued for the two years ended December 31, 1999, included no audit findings that Section .510(a) of OMB Circular A-133 requires to be reported for an audit of federal awards.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -
State Auditor's Findings

ATCHISON COUNTY, MISSOURI
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Atchison County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 8, 2002. We also have audited the compliance of Atchison County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 8, 2002.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the special-purpose financial statements of Atchison County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1. Health Center

- A. Receipts are not deposited on a timely basis. Deposits are made once a week. In addition, checks and money orders are not restrictively endorsed immediately upon receipts. The endorsement is applied when the deposit is prepared. To safeguard receipts and reduce the risk of loss, theft or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100 and checks and money orders should be endorsed immediately upon receipt.
- B. The board minutes do not identify the disbursements approved by the board at its monthly meetings. The Health Center Administrator indicated she prepares a packet for each board member which includes the invoices to be approved for payment, but a listing of the approved payments is not prepared and retained with the minutes. Generally, the only reference in the minutes is a notation that a motion was made and approved to pay bills. In addition supporting documentation was not available for several expenditures tested. The Health Center Administrator indicated their usual procedure is to match original invoices to vendor's statements, and then dispose of the invoice and keep the vendor's statement as supporting documentation.

To adequately document the board's review and approval of all disbursements, a complete and detailed listing of bills should be prepared, signed or initialed by the board members to denote their approval, and retained in the official minutes. In addition, to ensure the validity and propriety of expenditures, all expenditures should be supported by a original invoices and adequate supporting documentation.

- C. Adequate documentation was not maintained to support changes made to the Health Center's personnel policy manual regarding payment to employees for unused annual leave. Our prior audit report noted the lack of a written policy regarding these payments. The Health Center Administrator amended the personnel policy to address this issue, but it is unclear whether the board approved those changes. In addition, we noted the Administrator and other employees used administrative leave on days the Health Center was closed due to inclement weather, which is not an authorized use of administrative leave per the personnel policy.

A written personnel policy for all employees is necessary to provide assurance all employees are treated equitably and to prevent misunderstandings. Board approval of amendments to the personnel policy should be adequately documented and time off due to inclement weather should be charged in accordance with the written personnel policy.

- D. We noted the following concerns related to the board minutes:
 - 1) The board minutes did not always include sufficient detail of matters discussed and actions taken at the board's meetings. For example, the

minutes lacked detail regarding bid information, changes in personnel policies, and justification for the selection of various vendors.

Complete and accurate minutes provide an official record of board actions and decisions. The minutes are the only official records of the action of the board. Care should be taken to ensure the minutes are complete and document discussions and specific intentions or reasons behind board decisions. Inadequate or unclear minutes can lead to subsequent confusion as to the board's intentions and possible incorrect interpretation of the board's actions by the general public or other outside entities.

- 2) Although the minutes typically indicated the board's approval of the previous meeting minutes, since May 2001 we noted several instances where the approved board minutes were not signed by the board president. In addition, we noted the minutes were not always signed by the board secretary who prepared the minutes. The minutes should be signed by the preparer and by the board president to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the board meetings.
- E. The financial records of the Health Center did not agree to some numbers presented in the Health Center's budget. For example, beginning cash balances were incorrect and revenues were overstated. For the budget documents to be of maximum assistance to the Health Center Board and to adequately inform the county residents of the Health Center's operations and current financial position, the budgets should be complete and accurate.

WE RECOMMEND the Health Center Board:

- A. Deposit all monies daily or when accumulated receipts exceed \$100 and restrictively endorse checks and money orders immediately upon receipt.
- B. Ensure the approval of all disbursements is adequately documented by including a listing of all approved disbursements in the board minutes. Require adequate supporting documentation (such as original invoices and acknowledgement of receipt of goods and/or services) be on file prior to payment.
- C. Ensure the board's approval of changes in the personnel policy to allow for payment of unused annual leave is adequately documented. In addition, the board should determine whether or not inclement weather is a valid use of administrative leave.
- D.1. Ensure board minutes are prepared containing all necessary information to provide a complete record of all significant matters discussed and actions taken by the board.
2. Ensure the minutes are signed by the secretary and the board president.

- E. Ensure the budget is prepared accurately to reflect the financial activity of the Health Center.

AUDITEE'S RESPONSE

The Health Center Administrator responded:

- A. *We believe depositing once per week, considering the amount of monies typically received is sufficient, but are now restrictively endorsing checks and money orders upon receipt.*
- B. *The Board Treasurer is now signing a listing of approval expenditures, and this listing will be included with the minutes in the future. The original invoices are no longer disposed of, but are maintained with the vendor statements.*
- C. *The additions to the personal policy, based on the recommendations from the prior state audit were approved by the board, but this was not specifically documented. The Health Center Administrator indicated the use of administrative leave for inclement weather is currently being addressed by the board, through a complete revision of the personal policy which will be completed by October 31, 2002.*
- D.1. *We will ensure significant discussions are adequately documented in the future.*
2. *We will ensure approval signatures are documented in the future.*
- E. *The reason cash balances were incorrect on the budget was because CD balances were reported as other available net resources. In the future we will ensure CD balances are reflected in the cash balances reported on the budget. Revenues were overstated due to incorrectly including proceeds from a CD as a revenue.*

2. Associate Division's Controls and Procedures
--

The Associate Circuit Court is comprised of three separate areas, civil, criminal/traffic and probate. Our review of these areas identified the following concerns:

- A. Monthly listings of liabilities (open items) are prepared, but are not agreed to the reconciled bank and book balances for the civil and criminal/traffic divisions. When we attempted to agree the December 31, 2001 open items listings to the related cash balances, we noted the following:
- The civil division's open items listing had not been totaled or reconciled to the book balance since the late spring of 2000. The listing totaled \$974 which exceeded the cash balance by \$212.

- The criminal/traffic clerk had not been reconciling the open items listing to her cash balance since January 1999. The Associate Division contacted the Office of the State Courts Administrator (OSCA) and in April 2002 OSCA provided the court with monthly reconciliations between the Associate Criminal Management system (ACMS) and the bank statements for January 1999 through December 2001. OSCA found no major problems, but noted that differences in cutoff dates for the bank reconciliations and the monthly computer reports made the reconciliation of the open items listing much more complicated. In May 2002, the clerk began performing her monthly bank reconciliations as of the same day she ran her monthly computer reports and was able to agree her reconciled bank balance to the open listings printed from ACMS for January through May 2002.
- B. Criminal/traffic receipts are not deposited intact on a timely basis. During a cash count, approximately \$2,470 was on hand, including checks that had been received up to three weeks prior to the date of our count. We noted there had been other deposits made during that time period. The clerk indicated these monies were held because the court was waiting for the traffic ticket to be submitted by law enforcement personnel.
- To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, deposits should be made intact daily or when accumulated receipts exceeded \$100.
- C. The method of payment is not indicated on the civil receipts ledger. To properly reconcile receipts to deposits and to insure monies are deposited intact, the composition of monies received should be reconciled to the composition of monies deposited.
- D. The bank reconciliations for December 31, 2001 included fourteen checks written from the civil account, totaling \$365, and two checks from the criminal/traffic account, totaling \$104, that have been outstanding for over a year. None of these had been followed up on by the clerks. If the payees of old outstanding checks can be identified and located, these checks should be reissued. Monies which remain unclaimed should be turned over to the state's Unclaimed Property Section in accordance with Section 447.532, RSMo 2000.
- E. The Associate Division is turning over a portion of all fines from applied bonds and of forfeited bonds to the General Revenue Fund instead of limiting the turnover to 25 percent of forfeited bond. An applied bond is a bond which is used to pay the fines and court costs assessed by the judge, with the remainder, if applicable, being refunded to the defendant by the court. A bond is forfeited by the court when the defendant fails to appear for their scheduled court date. Section 67.133, RSMo 2000 entitles the county to a judgment ranging from 15 to 25 percent on bonds which are forfeited. The Associate Division is also taking 15 to 25 percent of the fine from applied bonds and paying this judgment to the General Revenue Fund of the county.

The division was unable to provide justification for handling applied bonds in this manner. Applied bonds should be handled the same as other case collections and paid out to the appropriate parties, in accordance with state law. The county received \$5,096 during the two years ending December 31, 2001.

WE RECOMMEND the Associate Division:

- A. Reconcile the open items balances to the cash balance monthly. In addition, the differences between the civil open items balance and the cash balance should be identified and resolved. The differences identified by OSCA between the criminal/traffic open items balance and the cash balance should be resolved.
- B. Deposit receipts intact daily.
- C. Indicate the method of payment on all receipt slips and reconcile the composition of receipts to the composition of bank deposits.
- D. Adopt procedures to routinely follow up on old outstanding checks and reissue them if the payee can be located. If the payee cannot be located or identified, these monies should be disposed of in accordance with state law.
- E. Stop withholding the 15 to 25 percent judgment for the county from the bonds applied. Request the county to turn over monies inappropriately received to the schools.

AUDITEE'S RESPONSE

The Associate Division Judge responded:

- A. *We agree, and all differences identified by the auditors were resolved before the auditors completed their audit. We are continuing to reconcile all open items to cash balances on a monthly basis, and no new differences have been identified.*
- B. *We would like to point out that the procedure of holding money and not depositing it until the traffic ticket to which it relates is filed by law enforcement personnel is necessitated by the fact that the ACMS court computer system does not easily permit the deposit of funds until the Court has a filed ticket in hand. The computer system we use is outside the control of the Court, as is the lag time between the issuance of a ticket by law enforcement officials and its filing with the Court. Were the Court to adopt a procedure requiring the clerks to enter all payments into the computer and deposit the money the same day, regardless of whether the ticket had yet been filed, it would require clerks with an already heavy workload to develop a separate manual ledger or record to keep track of all payments made in advance of the filing of the ticket. It would also require additional clerk time to match the corresponding tickets (when filed by law enforcement personnel) to payments already entered into the computer and recorded at the same time in the manual ledger.*

We believe such an expenditure of the clerks' time is not warranted in view of the relatively small number of these "early payment" situations.

However, we recognize that the necessity for delaying the deposit of funds until the ticket is actually received is a weakness of our current computer system, and will continue to search for remedies to resolve these control issues. Things we have already done to minimize this weakness of our system are:

- 1. The clerks have been directed to perform the complicated computer procedure for entering a payment received in cash (currency) into the computer and depositing the currency at the bank on the same day, which day shall not be later than the next business day after the currency is received. "Early payments" via currency are relatively rare, so the expenditure of clerk time for these few transactions is not substantial.*
- 2. A procedure has been implemented so as to immediately (at time of receipt) place a restrictive endorsement on all payments received in form of personal check.*

We would also like to point out that the effect of the computer program weakness discussed above has been dramatically minimized due to the fact that the volume of traffic tickets filed with the Court has been greatly reduced since the June 1, 2002 implementation of the Fine Collection Center for payment of uncontested traffic tickets.

- C. We agree, and this is now being done. We would like to point out, however, that the method of payment (currency, check, or money order) has always been noted on our bank deposit tickets.*
- D. We agree, but due to the heavy workload of this office, we had not placed a high priority on this follow-up. We will ensure that this follow-up is performed on a more timely basis in the future.*
- E. We believe the statutory term "forfeited recognizances" in Section 67.133 RSMo is a broad category which includes what the audit report characterizes as an "applied bond". In absence of a statutory definition of the terms "forfeited recognizance" or "applied bonds" in either Section 67.133 or elsewhere, we believe our long-standing procedure (commenced well before the current Associate Circuit Judge assumed the bench) complies with applicable state law.*

The County Commission responded that they will take this under advisement, but do not plan to repay these monies at this time.

3.**Sheriff's Controls and Procedures**

- A. Receipts are not deposited on a timely basis. Deposits are made once a week. To safeguard receipts and reduce the risk of loss, theft or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100.

In addition, the method of payment indicated on the receipt slips is not reconciled to the composition of the deposits. To properly reconcile receipts to deposits and to ensure monies are deposited intact, receipt slips should be prepared for all monies received and the composition of monies received should be reconciled to the composition of monies deposited.

- B. Checks and money orders are not restrictively endorsed immediately upon receipt. The endorsement is applied when the deposits are prepared. To adequately safeguard assets, checks and money orders should be endorsed immediately upon receipt.
- C. Some cash bonds are transmitted directly to the Atchison County Associate Circuit Court and are not deposited into the Sheriff's bank account. Personnel in the Sheriff's office will receive cash bonds and issue a receipt slip to the defendant. These bonds are then transmitted to the Associate Circuit Court, but a receipt slip is not obtained from the court to evidence the transmittal. In addition, some bonds paid by check or money order are transmitted directly to various courts in the state and receipt slips from the courts are not retained. To ensure all bond receipts are accounted for properly, bond receipts should be deposited and disbursed by check, or receipt slips should be retained for any bonds that are transmitted directly to the courts. Bonds transmitted to the courts should be reconciled to bonds received on a periodic basis to ensure all monies were properly transmitted.
- D. Monthly listings of open items are not prepared and consequently, open items are not reconciled with the reconciled cash balance. At December 31, 2001, the cash balance of the Sheriff's account was approximately \$825. While we had requested the Sheriff to prepare an open items listing for December 31, 2001, a listing was never prepared.

Preparing accurate listings of open items and agreeing the total with the reconciled cash balance help ensure sufficient assets exist to cover liabilities and all monies are properly recorded and handled. Any unidentified differences between the cash balance and open items should be investigated and resolved.

WE RECOMMEND the Sheriff:

- A. Deposit all monies intact daily or when accumulated receipts exceed \$100.
- B. Restrictively endorse checks and money orders immediately upon receipt. In addition, the composition of receipts should be reconciled to the composition of bank deposits.

- C. Deposit all bond monies into the bank account, or, if bond monies must be transmitted directly to various courts, ensure the bonds are transmitted immediately and receipt slips from the courts are retained and compared to the receipt slips issued.
- D. Prepare monthly listings of open items and reconcile to the cash balance.

AUDITEE'S RESPONSE

I agree and these recommendations have already been implemented.

4. Officials' Salaries

Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Atchison County's Associate County Commissioners salaries were each increased approximately \$5,870 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this section are unconstitutional.

Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$11,740 for the two years ended December 31, 2000, should be repaid.

WE RECOMMEND the County Commission review the impact of this decision and develop a plan for obtaining repayment of the salary overpayments.

AUDITEE'S RESPONSE

The County Commission responded:

The Associate Commissioners took these raises based on Senate Bill 11, which established the new salary schedule for elected officials, a new state law, and the opinion of the Prosecuting Attorney. The overwhelming majority of the Associate Commissioners in the state of Missouri took these mid term raises, and those raises were approved by the salary commission. Based on Senate Bill 11 and the existing law at the time these raises were taken, we plan to take no action at this time.

The Southern District Commissioner responded:

The salary for my position was set in November 1997 by the salary commission and I was not elected until November 1998 and did not take office until January 1999. Therefore, I could not have taken a mid-term raise because my term started at the same time this raise took effect.

This report is intended for the information of the management of Atchison County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

Follow-Up on Prior Audit Findings

ATCHISON COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Atchison County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the two years ended December 31, 1997. The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations.

Health Center

- A. Actual expenditures exceeded budgeted amounts.
- B. The Health Center did not maintain time and attendance records to support payroll expenses for the health educator's salary and expenses claimed for reimbursement against the Preventative Health and Health Services Block Grant. Some of these expenses were also charged against the Core Public Health Grant.

Recommendation:

The Health Center Board:

- A. Not authorize warrants in excess of budgeted expenditures.
- B. Consult with the state Department of Health to resolve the federal questioned costs and the grant funding provided by the state. In addition, the Health Center Board of Trustees should require the health educator to submit detailed time sheets which are reviewed and approved by the health center administrator. Further, the health center administrator should ensure that grants are charged only with actual costs incurred.

Status:

- A. Not implemented. Actual expenditures exceeded budgeted by \$1,930 in 2000. Although not repeated in the current report, our recommendation remains as stated above.
- B. Implemented.

STATISTICAL SECTION

History, Organization, and
Statistical Information

ATCHISON COUNTY, MISSOURI HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

Organized in 1845, the county of Atchison was named after David Atchison, a U.S. senator. Atchison County is a county-organized, third-class county and is part of the Fourth Judicial Circuit. The county seat is Rock Port.

Atchison County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Atchison County received its money in 2001 and 2000 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 792,586	35	809,182	40
Sales taxes	215,297	10	213,963	11
Federal and state aid	88,087	4	100,816	5
Fees, interest, and other	1,156,164	51	885,261	44
Total	\$ 2,252,134	100	2,009,222	100

The following chart shows how Atchison County spent monies in 2001 and 2000 from the General Revenue and Special Road and Bridge Funds:

USE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 590,926	25	710,816	36
Public safety	387,454	17	368,773	18
Highways and roads	1,336,991	58	915,294	46
Total	\$ 2,315,371	100	1,994,883	100

The county maintains approximately 122 county bridges and 648 miles of county roads.

The county's population was 9,240 in 1970 and 6,430 in 2000. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		2001	2000	1985*	1980**	1970**
		(in millions)				
Real estate	\$	48.3	45.9	39.3	27.4	23.1
Personal property		19.4	18.6	11.6	10.7	6.8
Railroad and utilities		9.8	9.8	7.4	7.2	6.0
Total	\$	77.5	74.3	58.3	45.3	35.9

* First year of statewide reassessment.

** Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Atchison County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		2001	2000
General Revenue Fund	\$.4926	.4926
Special Road and Bridge Fund*		.4926	.4900
Health Center Fund		.0500	.0500
Senate Bill 40 Board Fund		.1000	.1000

* The county retains all tax proceeds from areas not within road districts. The county has 4 road districts that receive four-fifths of the tax collections from property within these districts, and the Special Road and Bridge Fund retains one-fifth. The road districts also have an additional levy approved by the voters.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28 (29),	
	2002	2001
State of Missouri	\$ 23,008	22,256
General Revenue Fund	377,822	365,597
Special Road and Bridge Fund	453,302	436,246
Assessment Fund	46,419	44,850
Health Center Fund	37,996	36,757
Senate Bill 40 Board Fund	75,954	73,471
School districts	2,585,299	2,492,584
Library district	151,907	146,941
Ambulance district	227,825	220,376
Fire protection district	116,125	116,279
Special road districts	175,271	170,332
Drainage districts	246,931	253,914
Surtax	67,755	67,418
Cities	138,487	130,946
Landfill	0	37
County Employees' Retirement	22,663	22,884
Commissions and fees:		
General Revenue Fund	81,954	79,469
Collector	4,821	4,166
County Clerk	1,201	1,135
Total	\$ <u>4,834,740</u>	<u>4,685,658</u>

Percentages of current taxes collected were as follows:

	Year Ended February 28,	
	2002	2001
Real estate	93 %	92 %
Personal property	91	91
Railroad and utilities	98	100

Atchison County also has the following sales taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$.0050	None	None
General -911	.0050	None	None
Capital improvements - Road Rock	.0050	2004	None
Capital improvements - Economic Development	.0025	2005	None

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2002	2001	2000
County-Paid Officials:			
Marlin Logan, Presiding Commissioner	\$	25,225	24,400
Kent Fisher, Associate Commissioner		23,225	22,440
Larry Hicks, Associate Commissioner		23,225	22,440
Dale Faulkner, County Clerk (1)		36,325	35,158
Charlene Pritt-Bothwell, Prosecuting Attorney		42,435	41,000
Dennis Martin, Sheriff		40,365	39,000
Debbie True, County Treasurer		26,041	25,160
Micheal Minter, County Coroner		9,833	9,500
Karen Lester, Public Administrator (2)		13,464	16,190
Dale Hoepfner, County Collector (3), year ended February 28,	43,085	35,266	
Lori Jones, County Assessor (4), year ended August 31,		35,657	34,900

(1) Includes \$1,135 and \$1,158, respectively, of commissions earned from city tax collections.

(2) Includes fees received from probate cases.

(3) Includes \$7,787 and \$1,158, respectively, of commissions earned for collecting drainage districts and city property taxes. Some drainage commissions earned in 2000 were not paid to until March 2001.

(4) Includes \$900 annual compensation received from the state.

State-Paid Officials:

Lorie Kay Hall, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	46,127
Kay F. Graves Rosenbohm, Associate Circuit Judge	96,000	97,382

A breakdown of employees (excluding the elected officials) by office at December 31, 2001, is as follows:

Office	Number of Employees Paid by	
	County	State
County Commission	0	0
Circuit Clerk and Ex Officio Recorder of Deeds	1	2
County Clerk	3	0
Prosecuting Attorney	1	0
Sheriff	13	0
County Treasurer	0	0
County Coroner	0	0
Public Administrator	0	0
County Collector	2	0
County Assessor	2	0
Associate Division	0	2
Road and Bridge	23	0
Health Center	3	0
Emergency Management	1	0
911	9	0
Custodian	1	0
Total	<u>59</u>	<u>4</u>

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Atchison County's share of the Fourth Judicial Circuit's expenses is 14.98 percent.